

ASSEMBLY BILL

No. 689

Introduced by Assembly Member Blumenfield

February 17, 2011

An act to amend Section 789.9 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 689, as introduced, Blumenfield. Insurance: seniors: annuities.

Existing law prohibits the sale of an annuity to a senior where the senior's purpose in purchasing the annuity is to affect Medi-Cal eligibility and if certain facts are established, such as after the purchase of the annuity, the senior or the senior's spouse would not qualify for Medi-Cal.

This bill would make a technical, nonsubstantive change to that provision.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 789.9 of the Insurance Code is amended
- 2 to read:
- 3 789.9. (a) In addition to any other reasons that a sale of an
- 4 individual annuity to a senior may violate any provision of law,
- 5 an annuity shall not be sold to a senior in any of the following
- 6 circumstances:
- 7 (1) The senior's purpose in purchasing the annuity is to affect
- 8 Medi-Cal eligibility and either of the following is true:

1 (A) The purchaser's assets are equal to or less than the
2 community spouse resource allowance established annually by the
3 State Department of Health *Care* Services pursuant to the Medi-Cal
4 Act (Chapter 7 (commencing with Section 14000) of Part 3 of
5 Division 9 of the Welfare and Institutions Code).

6 (B) The senior would otherwise qualify for Medi-Cal.

7 (2) The senior's purpose in purchasing the annuity is to affect
8 Medi-Cal eligibility and, after the purchase of the annuity, the
9 senior or the senior's spouse would not qualify for Medi-Cal.

10 (b) In the event that a fixed annuity specified in subdivision (a)
11 is issued to a senior, the issuer shall rescind the contract and refund
12 to the purchaser all premiums, fees, any interest earned under the
13 terms of the contract, and costs paid for the annuity. This remedy
14 shall be in addition to any other remedy that may be available.